
IN THE MATTER OF:

**1ST ALLIANCE LENDING, LLC
NMLS # 2819**

(“Respondent”)

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NOTICE OF AUTOMATIC SUSPENSION

**NOTICE OF INTENT TO REVOKE
MORTGAGE LENDER LICENSE**

AND

NOTICE OF RIGHT TO HEARING

I. LEGAL AUTHORITY AND JURISDICTION

The Banking Commissioner (“Commissioner”) is charged with the administration of Part I of Chapter 668, Sections 36a-485 to 36a-534b, inclusive, of the Connecticut General Statutes, “Mortgage Lenders, Correspondent Lenders, Brokers and Loan Originators”.

Section 36a-492 of Connecticut General Statutes provides, in pertinent part, that:

(a)(1) Each licensed mortgage lender . . . shall file with the commissioner a single surety bond, written by a surety authorized to write such bonds in this state, covering its main office . . . in a penal sum determined in accordance with subsection (d) of this section, provided the penal sum of the bond for licensed mortgage lenders . . . shall be not less than one hundred thousand dollars The bond shall cover all mortgage loan originators sponsored by such licensee. . . .

(2) Each mortgage loan originator licensee shall be covered by a surety bond with a penal sum in an amount that reflects the dollar amount of the loans originated by such mortgage loan originator in accordance with subsection (d) of this section, provided such coverage shall be provided through a single surety bond filed with the commissioner by the person who sponsors such mortgage loan originator.

(b) . . . The bond shall run concurrently with the period of the license for the main office

(c) The surety company shall have the right to cancel the bond at any time by a written notice to the principal stating the date cancellation shall take effect, provided the surety company notifies the commissioner in

writing not less than thirty days prior to the effective date of cancellation. . . . After receipt of such notification from the surety company, the commissioner shall give written notice to the principal of the date such bond cancellation shall take effect and such notice shall be deemed notice to each mortgage loan originator licensee sponsored by such principal. The commissioner shall automatically suspend the licenses of a mortgage lender . . . on such date and inactivate the licenses of the mortgage loan originators sponsored by such lender No automatic suspension or inactivation shall occur if, prior to the date that the bond cancellation shall take effect, (1) the principal submits a letter of reinstatement of the bond from the surety company or a new bond, (2) the mortgage lender . . . has ceased business and has surrendered all licenses in accordance with subsection (a) of section 36a-490, or (3) in the case of a mortgage loan originator licensee, the sponsorship with the mortgage lender . . . who was automatically suspended pursuant to this section . . . has been terminated and a new sponsor has been requested and approved. After a mortgage lender . . . license has been automatically suspended pursuant to this section, the commissioner shall (A) give the licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-494 and an opportunity for a hearing on such action in accordance with section 36a-51, and (B) require such licensee to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section. . . .

Section 36a-51 of the Connecticut General Statutes provides, in pertinent part, that:

(a) The commissioner may . . . revoke . . . any license issued by the commissioner under any provision of the general statutes by sending a notice to the licensee by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt, or by personal delivery, as defined in section 4-166, in accordance with section 36a-52a. The notice shall be deemed received by the licensee on the earlier of the date of actual receipt or seven days after mailing or sending, and in the case of a notice sent by electronic mail, the notice shall be deemed received by the licensee in accordance with section 36a-52a. Any such notice shall include: (1) A statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the general statutes . . . involved; (4) a short and plain statement of the matters asserted; and (5) a statement indicating that the licensee may file a written request for a hearing on the matters asserted within fourteen days of receipt of the notice. . . .

(b) If a hearing is requested within the time specified in the notice, the commissioner shall hold a hearing upon the matters asserted in the notice unless the licensee fails to appear at the hearing. After the hearing, the commissioner shall . . . revoke . . . the license for any reason set forth in the applicable licensing provisions of the general statutes if the

commissioner finds sufficient grounds exist for such . . . revocation
If the licensee does not request a hearing within the time specified in the
notice or fails to appear at the hearing, the commissioner shall . . .
revoke . . . the license. No such license shall be . . . revoked except in
accordance with the provisions of chapter 54.

Section 4-182(c) of the Connecticut General Statutes provides, in pertinent part, that:

No revocation, suspension, annulment or withdrawal of any license is
lawful unless, prior to the institution of agency proceedings, the agency
gave notice by mail to the licensee of facts or conduct which warrant the
intended action and the specific provisions of the general statutes . . . that
authorize such intended action, and the licensee was given an
opportunity to show compliance with all lawful requirements for the
retention of the license. . . .

II. MATTERS ASSERTED

1. Respondent is a Connecticut limited liability company with a main office at 111 Founders Plaza, Suite 1300, East Hartford, Connecticut (“Main Office”). At all times relevant hereto, John DiIorio (“DiIorio”) has been the Chief Executive Officer and Managing Member of Respondent.

2. The Main Office is presently licensed by the Commissioner through the Nationwide Multistate Licensing System and Registry (“NMLS”) to engage in the business of a mortgage lender in Connecticut.

3. On December 5, 2018, the Commissioner issued a Notice of Intent to Revoke Mortgage Lender License, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing against Respondent, which was amended and restated on July 15, 2019 (“Amended Notice”). A hearing on such Amended Notice is currently scheduled for September 24, 2019, and September 25, 2019.

4. Respondent’s Mortgage Call Report submitted on NMLS for the period ending March 31, 2019, reflects that Respondent services approximately 156 Connecticut residential mortgage loans through the subservicer LoanCare, LLC.

5. On June 5, 2019, the Commissioner received notice from the Hartford Fire Insurance Company that surety bond number 83BSBGK0938 issued on behalf of Respondent with respect to its mortgage lender license for its Main Office would be cancelled effective July 31, 2019.

6. On June 7, 2019, pursuant to Section 4-182(c) of the Connecticut General Statutes, the Division informed Respondent by e-mail of the notice of cancellation and provided Respondent an opportunity to show compliance with all lawful requirements for the retention of its mortgage lender license in Connecticut.

7. On July 11, 2019, the Department again e-mailed Respondent concerning the pending bond cancellation, and stated “[t]o avoid Automatic Suspension and Administrative Action, you must submit a letter of reinstatement of the bond from a surety company or a new bond from a surety company prior to July 31, 2019.”

8. On July 29, 2019, DiIorio represented to the Department by e-mail that Respondent’s mortgage loan pipeline contains no Connecticut consumers, but failed to indicate whether Respondent ceased its mortgage servicer activity in Connecticut.

9. On July 30, 2019, Respondent submitted a request on NMLS to surrender its mortgage lender license in Connecticut, however such request was not accepted by the Commissioner due to the outstanding matters alleged in the Amended Notice referenced in paragraph 3 above. Section 36a-490(a) of the Connecticut General Statutes states, “[n]o surrender shall be effective until accepted by the Commissioner.”

10. As of July 31, 2019, Respondent failed to file with the Commissioner a letter of reinstatement of the bond or a new bond.

11. The Commissioner automatically suspended Respondent’s mortgage lender license in Connecticut effective July 31, 2019.

12. As a result of the automatic suspension, Respondent no longer qualifies for an exemption from licensing as mortgage servicer in Connecticut. Section 36a-718(b) of the Connecticut General Statutes states, in pertinent part, “[t]he following persons are exempt from mortgage servicer licensing requirements: . . . (4) any person licensed as a mortgage lender in this state while acting as a mortgage

servicer from a location licensed as a main office . . . provided . . . (B) during any period that the license of the mortgage lender in this state has been suspended, such exemption shall not be effective”

III. STATUTORY BASIS FOR REVOCATION OF MORTGAGE LENDER LICENSE

Section 36a-494 of the Connecticut General Statutes, provides, in pertinent part, that:

(a)(1) The commissioner may . . . revoke . . . any mortgage lender . . . license or take any other action, in accordance with the provisions of section 36a-51, for any reason which would be sufficient grounds for the commissioner to deny an application for such license under sections 36a-485 to 36a-498e, inclusive, 36a-498h, 36a-534a and 36a-534b

Section 36a-489(a)(1) of the Connecticut General Statutes provides, in pertinent part, that:

The commissioner shall not issue an initial license for a mortgage lender . . . unless the commissioner, at a minimum, finds that: . . . (D) the applicant has met the surety bond requirement under section 36a-492

Respondent’s failure to maintain a surety bond that runs concurrently with the period of its mortgage lender license, as more fully described in paragraphs 1 through 12, inclusive, of the Matters Asserted, constitutes sufficient grounds for the Commissioner to deny an application for such license under Section 36a-489(a)(1)(D) of the Connecticut General Statutes and constitutes sufficient grounds for the Commissioner to revoke Respondent’s license to engage in the business of a mortgage lender in Connecticut from the Main Office pursuant to Section 36a-494(a)(1) and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes.

IV. NOTICE OF AUTOMATIC SUSPENSION, NOTICE OF INTENT TO REVOKE MORTGAGE LENDER LICENSE AND NOTICE OF RIGHT TO HEARING

WHEREAS, Respondent’s failure to maintain a surety bond that runs concurrently with the period of its mortgage lender license constitutes sufficient grounds for the Commissioner to revoke its license to engage in the business of a mortgage lender in Connecticut from its Main Office pursuant to Section 36a-494(a)(1) and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes.

NOW THEREFORE, pursuant to the authority granted in Section 36a-492(c) of the Connecticut General Statutes, the Commissioner gives **NOTICE** that on July 31, 2019, the license of 1st Alliance Lending, LLC to engage in the business of a mortgage lender in Connecticut from 111 Founders Plaza, Suite 1300, East Hartford, Connecticut, was **AUTOMATICALLY SUSPENDED** pending proceedings for revocation.

FURTHER, notice is hereby given to Respondent that the Commissioner intends to **REVOKE** Respondent's license to engage in the business of a mortgage lender in Connecticut from the Main Office, subject to Respondent's right to a hearing on the allegation set forth above.

A hearing will be granted to Respondent if a written request for a hearing is received by the Department of Banking, Consumer Credit Division, 260 Constitution Plaza, Hartford, Connecticut 06103-1800 within fourteen (14) days following its receipt of this Notice of Automatic Suspension, Notice of Intent to Revoke Mortgage Lender License and Notice of Right to Hearing as set forth in subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes. This Notice of Automatic Suspension, Notice of Intent to Revoke Mortgage Lender License and Notice of Right to Hearing shall be deemed received on the earlier of the date of actual receipt, or seven (7) days after mailing or sending. To request a hearing, complete and return the enclosed Appearance and Request for Hearing Form to the above address. If Respondent will not be represented by an attorney at the hearing, please complete the Appearance and Request for Hearing Form as "pro se". Once a written request for hearing is received, the Commissioner may issue a notification of hearing and designation of hearing officer that acknowledges receipt of a request for a hearing, designates a hearing officer and sets the date of the hearing in accordance with Section 4-177 of the Connecticut General Statutes and Section 36a-1-21 of the Regulations of Connecticut State Agencies. If a hearing is requested, the hearing will be held on September 24, 2019, at 10 a.m., at the Department of Banking, 260 Constitution Plaza, Hartford, Connecticut.

CERTIFICATION

I hereby certify that on this 1st day of August 2019, I transmitted the foregoing Notice of Automatic Suspension, Notice of Intent to Revoke Mortgage Lender License and Notice of Right to Hearing to 1st Alliance Lending, LLC, Attention: Heather Sanchez, Chief Compliance Manager, who is designated as the primary contact in the contact employee fields on the Nationwide Multistate Licensing System and Registry, at the electronic mail address provided therein; by electronic mail to Ross Garber, Esq., The Garber Group LLC at rgarber@thegarbergroup.com; Craig Raabe, Esq., IZARD, KINDALL & RAABE LLP, at craabe@ikrlaw.com; and Seth Klein, Esq., IZARD, KINDALL & RAABE LLP, at sklein@ikrlaw.com.

/s/

Emily B. Bochman
Paralegal